



11th Annual State of the City Address

Monday, February 4, 2013

Good evening! It is my distinct pleasure to welcome you to my 11th Annual State of the City Address.

To my fellow council members, fellow elected officials, City staff, business and community leaders, and others who are present tonight – welcome and thank you for being here. Each year, I am honored by your presence and continued support.

Also, I'd like to welcome my fellow residents who are viewing us on DTV8 as well as those who are watching tonight's live stream from the City of Durham's website.

Let me begin by saying **"The state of our city - Durham, North Carolina - is good and getting better."** The unemployment rate is decreasing; the overall crime index is down; housing sales are up; new development interest has increased; our residents feel better about their city, and the city continues to receive positive state and national attention. However, we still face challenges and have much work to accomplish to make us an even greater city.

To get us started, I'd like to continue a tradition of sorts, and invite all of you to join me as we take a look at the *"2012 Year in Review"* video....which clearly shows how unique and innovative collaborations between the City, the business community, nonprofits, other local governments, and our residents led to 2012 being the year of partnerships in making Durham a great place to raise a family, live, work, and play.

"THE YEAR OF PARTNERSHIPS – 2012 YEAR IN REVIEW"

I'd like to take just a quick moment to thank the Office of Public Affairs for producing this video ...I think you will all agree with me that it captures what the City of Durham is all about and how this City Council and City Administration truly partnered with our community to ensure that all of us who call Durham home are proud to do so.

All of these partnerships have built a strong and lasting foundation on firm ground for this community. But, as with any home, you don't just stop work when you've prepped the soil and built a sturdy foundation, you continue to build up. This evening I will focus on five key areas that, in my opinion, will be fundamental in determining the state of our city in 2013 as we build on our sturdy foundation; and if achieved will make our city an even stronger and better place for all of us.

The 5 key areas are:

1. Addressing our continuing budget challenges, while continuing to deliver our basic core city services in a very efficient and effective way.
2. Continuing our neighborhood revitalization efforts with the theme that “Strong Neighborhoods Make a Strong City.”
3. Reducing crime in general and a specific focus on reducing violent crime.
4. Providing efficient and friendly transit services.
5. Growing our tax base.

Budget Challenges

Thanks to continued conservative budget planning, Durham is entering 2013 with **a not insignificant** but manageable budget deficit, of about **\$5.2 million dollars**. As in past years, the City Council will work with the administration to prioritize programs and services as well as explore new revenue sources.

While we are entering the budget year with fewer challenges than in past years, we must plan for unpredictability in State and federal revenue sources. For example, we know transit funding from the state will be about \$300,000 less than budgeted. We also know that the stimulus-funded “Home Energy Savings Program,” a very practical program that has touched a lot of worthwhile and needy families, will no longer be funded through stimulus money.

At this time, we have not received formal notification about the future of federal aid programs in light of current federal budget discussions. Additionally, the Council may have to grapple with financially supporting items that are not a part of our core services, but which are normally the responsibility of the State and County. Most of those items are a part of the criminal justice system, such as judges, district attorney assistants, and forensic labs.

Continuing Neighborhood Revitalization Efforts (Strong Neighborhoods Make a Strong City)

It is not our intention to focus on the revitalization of one neighborhood to the neglect of others. However, we realize we have limited resources and therefore we have to take an incremental approach in neighborhood revitalization efforts as we make strategic choices.

Our initial focus has been primarily on those neighborhoods who have been most distressed over longer periods of time and whose revitalization can serve as a catalyst for surrounding neighborhoods, and where we can best leverage our resources.

During last year's State of the City Address, I talked extensively about the Southside Revitalization Project, and as you just saw in the video, we have made significant strides in bringing this development from concept to on its way to fast becoming a reality.

I also want to take a moment to thank Duke University officials for their program that will supply \$10,000 loans to at least 10 Duke University employees interested in buying a home in Southside. That's the kind of partnership and support that truly makes this community a very special place.

With work already underway for the 132 rental units in Rolling Hills, which are to be completed by the end of December 2013, and with infrastructure work starting this spring and construction starting in June for the single-family home ownership unit – this neighborhood is truly going to be transformed with quality affordable mixed income, market-rate apartments, and homes with great curbside appeal.

Waiting in the wings for a possible green light later this summer is the renovation of the Whitted School into affordable housing for the elderly and a Pre-K school for area children. The renovation of the Whitted School is a County-driven project. I mention it only because it is another example of partnerships working as a result of collaborations, and other projects such as the Southside neighborhood revitalization serving as a catalyst. The collaboration on this project began with the leadership meetings held between the City, County, and Durham Public Schools, much like what eventually led to the renovation of the Holton Career & Resource Center.

Five years ago, all of this was a vision and now it is becoming a reality because of our focus and commitment to bring real and sustainable change to this neighborhood.

Our progress in Southside has not been without challenges and we realize there are challenges yet to come – not unexpected – as we overcome decades of disinvestment and all of the social and economic ills that come with that. Nonetheless, the Southside Neighborhood Association is going strong, with backing and support from other community partners.

Let me add, too, that additional cuts in federal entitlements could also pose a challenge, but I strongly believe that we have accounted for that possibility in crafting a conservative five-year funding strategy.

I also want us to continue to support revitalization efforts in Northeast Central Durham. While this community has been transformed in so many ways in recent years, the work needs to continue. The efforts of the Durham Urban Innovation Center, housed in the City's Neighborhood Improvement Services Department, have made a considerable impact. So much so that the Center is one of the top 20 finalists out of 305 cities that applied for the Bloomberg Philanthropies' Mayors Challenge. This is a competition created to inspire American cities to generate innovative ideas that solve major challenges. Five of the 20 cities will be announced as winners later this spring.

One finalist will be awarded \$5 million dollars and four finalists will be awarded \$1 million dollars each. Again, even if we are not successful in being selected as one of the five winners, our staff and Durham are already winners, for having been selected as one of the 20 finalists, and for being recognized for our innovative thinking and work that will continue to benefit our neighborhoods.

Thanks to Habitat for Humanity and Preservation Durham, with funding from the City, homeownership development continued last year, and is on track to continue this year. In Southwest Central Durham, Habitat was joined last year by Durham Community Land Trustees in both new construction and rehabilitation efforts, both of which will continue this year.

You might recall, last year I suggested that the City work more closely with the Durham Housing Authority to provide housing for our lowest income residents. On March 21, 2012, we held what I believe was the first joint meeting between the Durham City Council and the Durham Housing Authority Board of Directors. The meeting allowed us to better understand the goals of each in developing more affordable housing and the revitalization of inner city neighborhoods, and to better coordinate those efforts.

The redevelopment of McDougald Terrace and the surrounding neighborhood moved one step closer to reality when the Durham Housing Authority was awarded a \$300,000 "HUD Choice Neighborhood" planning grant. The City looks forward to partnering with the Durham Housing Authority in creating an achievable vision for this community that is strategically located between North Carolina Central University and Durham Technical Community College.

Continuing to Reduce Crime

Let me first say that the city's overall crime was **down by approximately 7.5%** (12,017 vs. 12,987), and homicides were down by 19.23% (21 vs. 26), with a slight increase of 0.35% in violent crime in 2012 as compared to 2011 (1,722 vs. 1,716).

The overall trend of reducing crime is moving in the right direction, but I think that as a community we can do better and I am sure that we will.

Just last month, the mayors of Chapel Hill and Morrisville joined me to issue a call to action for our President and members of Congress to take immediate steps to end the gun violence epidemic that kills 33 Americans every day.

Since then, the President has signed 23 executive orders to address this epidemic and now Congress will begin the process of debating these orders. I call on all of you to lobby Washington and our Congressmen and Congresswomen to support common-sense gun reforms including **requiring that every person who buys a gun pass a criminal background check; removing high-capacity weapons and ammunition magazines from our streets; and making gun trafficking a federal crime.**

As with many communities across this country, Durham continues to endure acts of violence. Over a six-month period in 2012, the magistrates' office charged 221 persons with some type of firearms violation. That averages 1.2 firearm charges per day.

We must unite and get serious – as a nation and as a community – about protecting our communities, by **holding gun offenders and irresponsible gun dealers accountable; demanding access to trace data that is critical to law enforcement efforts to combat illegal gun trafficking; and working with legislators to fix gaps, weaknesses, and loopholes in the law that make it far too easy for criminals and other prohibited purchasers to get guns.**

We have to say “enough is enough” and have the fortitude to get it done and get it done now. Simply saying “all that we have to do is enforce the laws now on the books” is not enough - we have to do that and more.

Another issue we must address this year is the need for a new police headquarters. We know the building that is currently being used on West Chapel Hill Street is no longer adequate for this department. Now, the choice before us, as a community, is where to build this new facility and how to pay for the more than \$40 million dollars it is estimated to cost. The administration has proposed for consideration, locations off East Main Street or off Fayetteville Street, for this new facility. However, before we make a decision we need to hear from our residents on what they think about these two new-site possibilities or others, since the location we ultimately select will have huge economic development potential. Major decisions about the project will be made as part of this spring's budget discussions and I'm calling on our residents to communicate to us during this process so we can make the best decision possible for this community.

Providing Efficient and Friendly Transit Services

Many of our riders use transit because it is the only economical means for them to move around our city to jobs, to shopping, and to receive health care services. Without transit the quality of life would be worse for them as well as our community. Additionally, transit is also an economic driver and resource for our city. This past year has been a year of change for our bus system. Our partner, Triangle Transit, has made much needed changes to Durham Area Transit Authority routes to improve on-time performance and find more efficiency in this system...which is so important to the thousands of residents who use this system each day to get to work, to school, and about town.

Beginning just last month, more extensive changes have taken place to further improve the on-time performance of the routes. Triangle Transit's goal is to get on-time performance to 90 percent, and while not met yet, I have faith in their ability to smoothly get these improvements done. Quality customer service by our drivers and appropriate conduct by our riders is equally important in having a quality transit system.

We as a City Council will be watching to ensure this happens and that our community receives the best performance possible and best customer service for the money spent. As a member of Triangle Transit's board, I am committed to that task.

Improving our existing bus system is not the only issue we need to address this year. In December, Triangle Transit's board voted unanimously to implement a half-cent sales tax in Durham and Orange counties to raise money for new bus and light rail services. Thanks to our forward-thinking voters, who previously authorized the sales tax, the tax will now go into effect on April 1st. With this implementation, the real work must begin to implement the service improvements we promised to our voters in both Durham and Orange counties.

The first bus improvements financed by the new tax will likely come in 2014. We as a community must work closely with Triangle Transit to ensure the planned improvements meet our community's ever-growing transportation needs.

We must also remind our neighbors to the east that we are truly one interconnected region that is home to millions of people who cross back and forth across all three counties each and every day. Our transportation problems are regional problems and we must partner together on a regional basis to solve these issues.

Growing Our Tax Base

We all know that property taxes and sales taxes are the revenue backbone that supports the expenses of providing most government services for our residents. That is why growing our property and sales tax base continues to be vital. Striking the right balance between our property tax base and property tax rates can be more challenging in a downturned economy. It is important that we continue to work to provide a friendly business environment for those who want to make quality investments in our city that increases our tax base and provides quality paying jobs. That includes working to make our regulatory processes efficient and easy to negotiate in a timely fashion, so as not to present road blocks or serve as deterrents to quality developments.

Some examples of our continued focus in 2013 to grow our tax base must include, but not be limited to:

- Continue the recruiting of companies in high growth industries that renovate or build new space and work with existing private sector business owners to improve their buildings:
 - Such as Clear sense Properties, Samuel and Sons Barbershop, and Sav-A-Lot Food Stores.
- Launching of new Small Local Business Enterprise program to help Durham firms compete more successfully for construction and service contracts.
- Continue championing entrepreneurship.
- Continue the very successful JobLink events that connect applicants directly to jobs.

In Closing

Conservative fiscal management is a term I continue to use year after year to describe the City's approach to managing during a still recovering economy. It continues to be our mantra this year as we proceed with developing our next budget.

As I mentioned earlier, unlike in the previous years, our budget gap is small this year – about \$5.2 million – and we fully expect that by the City Council providing clear guidelines to the City Manager, combined with our reliance on our Strategic Plan and our financial and debt plan models will, yet again, help close that difference.

Going forward, it will continue to be important for the City to continue its strategic partnership with the County and Durham Public Schools to continue to meet our community needs. We'll continue to maintain our focus on youth and seniors, the environment, health, and the beautification of Durham. The ultimate goal is to serve our residents in a seamless and effective manner.

Whether the City is working on its own or through partnerships, we will continue to provide quality services as cost-effectively as possible. At the same time, the City is committed to maintaining our AAA bond ratings from the three major bond rating agencies of Fitch, Moody's and Standard & Poors.

In the coming weeks, this City Council will be meeting with the City Administration and our residents to determine how best to meet the continuing needs of our community and how to address the five focus areas I've just mentioned.

On behalf of the City Council, we invite your input at the upcoming Coffee with Council community meetings. You'll find the dates on the City's website and in the most recent edition of *The Citizens' Newsletter*, which you'll find enclosed in your January and February water bills.

I could not end this State of the City Address without paying special thanks to the City Administration and all City employees who help make Durham a place where great things happen.

As many of you know, the City Council only hires three employees - City Manager, City Attorney and City Clerk - and makes policy. We don't put out house or building fires; we don't arrest criminals; we don't pick up garbage; we don't repair streets; we don't keep the water flowing to your homes or businesses when you turn on the faucets or flush the toilets; and we don't do any of the other City-provided services. City employees perform those services and we are grateful for their service. Not only do they perform their service assignments, they go beyond in giving back to our community. In spite of a tough economy, City employees exceeded their fundraising goal by 10 percent in giving \$110,000 to a variety of local and national nonprofits in 2012. Through this generosity, the City of Durham remained the highest fund raising municipality in the Triangle. And we again say thanks to our City employees.

Every two years we conduct an Employee Opinion Survey. We have received the 2012 results and the results were very, very good as the City Manager described them. The participation by our City employees was the highest since we have given the survey (1,835 employees took the survey or approximately 76% of the workforce) and represented an increase of 34% over the year 2010 when it was last taken. In all of the major categories of the survey, the responses were positive increases and they ranged from the ratings of "Suggestive of Positive Response" to "Highly Meaningful Positive Response."

I want to again thank City employees for their participation in the opinion survey and the efforts by the administration to ensure that all employees who wanted to take the survey were given the opportunity.

We as residents of Durham have many reasons to be proud. We have endured and overcome many challenges by working together. I invite you to continue to partner with us as we build a better Durham.

Finally, I thank all of you, for taking the time to listen and may God continue to bless Durham and all of the residents who proudly call this special place home.